

Alice Stanley

DNRC PROGRAM INFORMATION
FOR LONG RANGE PLANNING JOINT SUBCOMMITTEE
JANUARY 14, 2013

EXHIBIT 3
DATE Jan. 24, 2013
HB 10

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

Purpose and Authority

The 1993, the Montana State Legislature combined two existing resource management grant programs (the Renewable Resource Development Program and the Water Development Program) to create the Renewable Resource Grant and Loan Program. The purpose and policies of the new program represent a blend of these two previous grant programs: to promote the beneficial use of Montana's water and to fund projects that conserve, protect and repair the State's renewable resources.

When creating the program, the Montana Legislature tied grant revenue sources directly to the purpose of the program in that a portion of the taxes on nonrenewable resources are invested in the development and benefit of renewable resources.

Revenue Sources: (*Natural Resources Projects SSRA description here with Poster.*)

House Bill 6 appropriates monies from the Natural Resources State Special Revenue Account which, in turn, is funded by:

- Interest earnings from the Resource Indemnity Trust fund
- A portion of the earnings from the Resource Indemnity and Groundwater Assessment Tax (small metal mines, talc, vermiculite, limestone)
- A portion of the earnings from Oil and Gas Production Tax

Value to Montana – (*refer to poster of this biennium projects*)

Map shows locations of active projects and applications for House Bill6 and HB7 projects.

Renewable Resource Grants have distributed funds for infrastructure improvements, planning, and resource protection projects to almost every community and many farmers and ranchers in Montana. These funds reduce the amount a small town must borrow to replace leaking water mains. They are used to conserve millions of gallons of water lost through leaking irrigation ditches, making more water available to downstream users. They are used to increase water storage in dams used for recreation, agriculture, and flood control. They are used to help conservation districts work with landowners to fix improve blue ribbon trout streams. And they are used to defray the cost of improving irrigation efficiencies on farms and ranches.

In the last legislative session, the Long Range Planning Committee approved funding for 66 RRG projects.

Budget Book: Information about each grants type listed in HB6, a summary of how the programs work, descriptions of every project listed in HB6, and an update on projects Long Range Planning approved in previous sessions. Page 19, for example – breakdown on types of projects that are funded.

Some projects cut across these categories. ***Whitefish, for example*** applied for a grant to help strategize on ways to control nutrient pollution to the lake. We expect EPA to impose new,

more stringent water quality discharge standards for wastewater treatment plants in the future that could price some community treatment systems out of operation. If an entire watershed can work together to share the burden of nutrient reduction, wastewater treatment plants may be able to purchase nutrient credit values to keep their costs down and still protect water quality. New idea, new technologies, but research worth funding that should help with wastewater treatment costs in communities across the state.

House Bill 6 appropriates about \$6.8 million from the Natural Resources Projects State Special Revenue Account for project grants and about \$1 million for planning grants. These are the primary grant programs under House Bill 6.

Statute (85-1 Part 6) also requires the RRG program to fund private for profit, and nonprofit entities. Statute also gives special mention to emergency projects, water development projects, and projects that implement the state water plan. These additional statutory requirements are also addressed up front in House Bill 6.

\$100,000 or about 1 percent of the RRG project budget is set aside to fund emergency grants for local governments in need. This program is for projects that can't wait to apply during our 2-year grant cycle to address their problem. An example of an emergency grant funded during this biennium is a grant for \$7,500 to help Vaughn Cascade County Water/Sewer District with emergency pump repairs.

House Bill 6 appropriates \$300,000 for Irrigation Development Grants. These were initiated by the 1999 Legislature to help develop new irrigation projects and production of high-value crops. Grants range from \$400 to \$20,000 per project. Project examples include feasibility studies on irrigation system improvements or new irrigation projects, the purchase of and training for flow monitors to improve irrigation efficiencies and add to instream flows, and agriculture tours to educate producers on new technology. The Helena Valley Irrigation District, for example, has received several IDG grants throughout the history of the program, primarily to help with system efficiencies through flow metering. Helena Valley ID has worked cooperatively with the city of Helena to help with their drinking water system.

We have a ***small grant program that provides financial assistance to private individuals*** and associations for water-related projects. Typical projects include dam safety inspections and replacement of failed septic systems. House Bill 6 appropriates \$100,000 for this program.

Finally, there are a couple more actions in ***House Bill 6 that will be presented by Ray Beck and Tim Davis***. After that Pam will explain how the RRG projects are scored and ranked and how she had organized testimony so that all applicants can give their presentations can stay on schedule for the committee.

Introduce Pam Smith

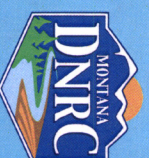
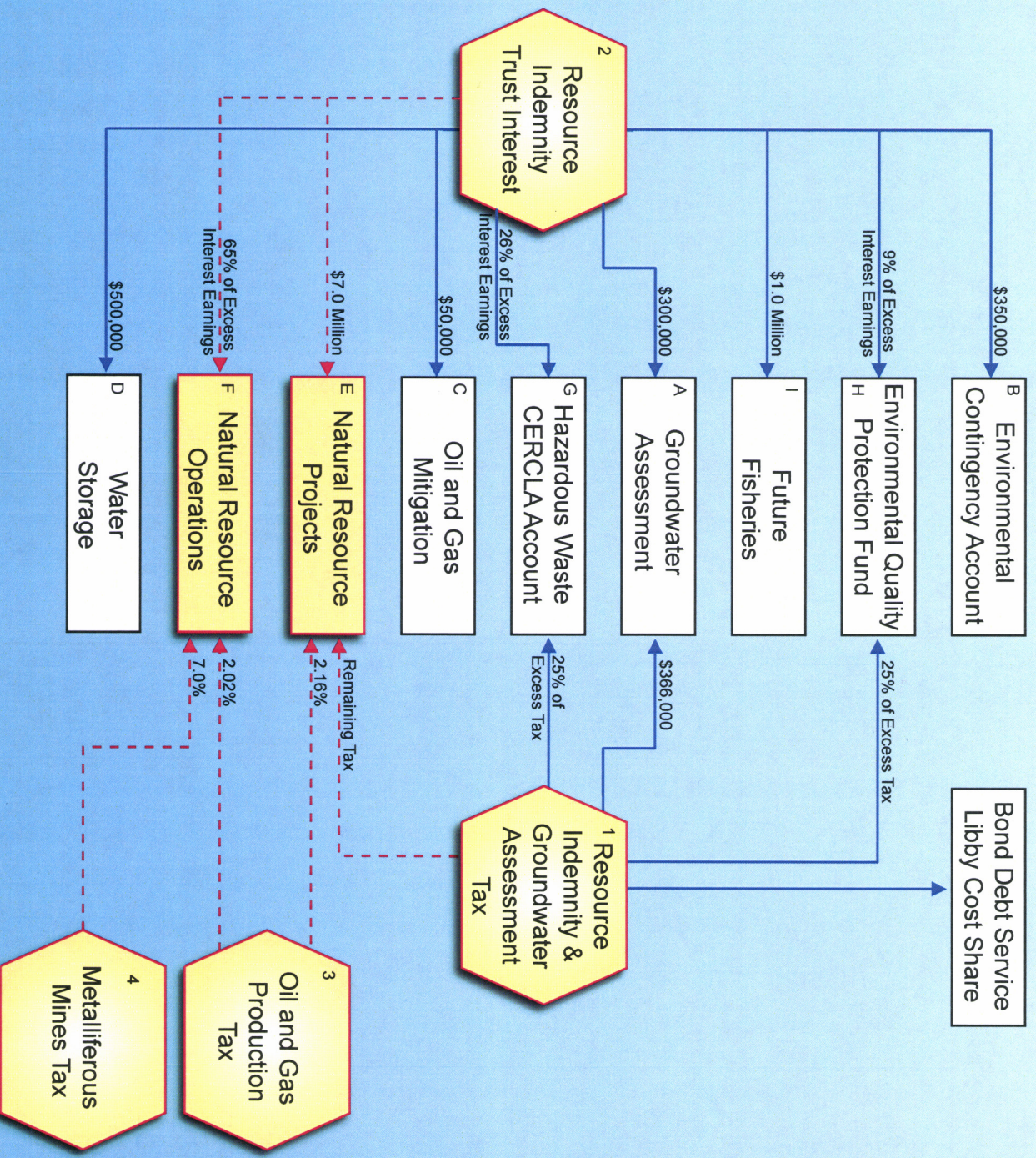
Bob Fischer, engineer

Lindsay Volpe

Zach Owen

Introduce Ray Beck

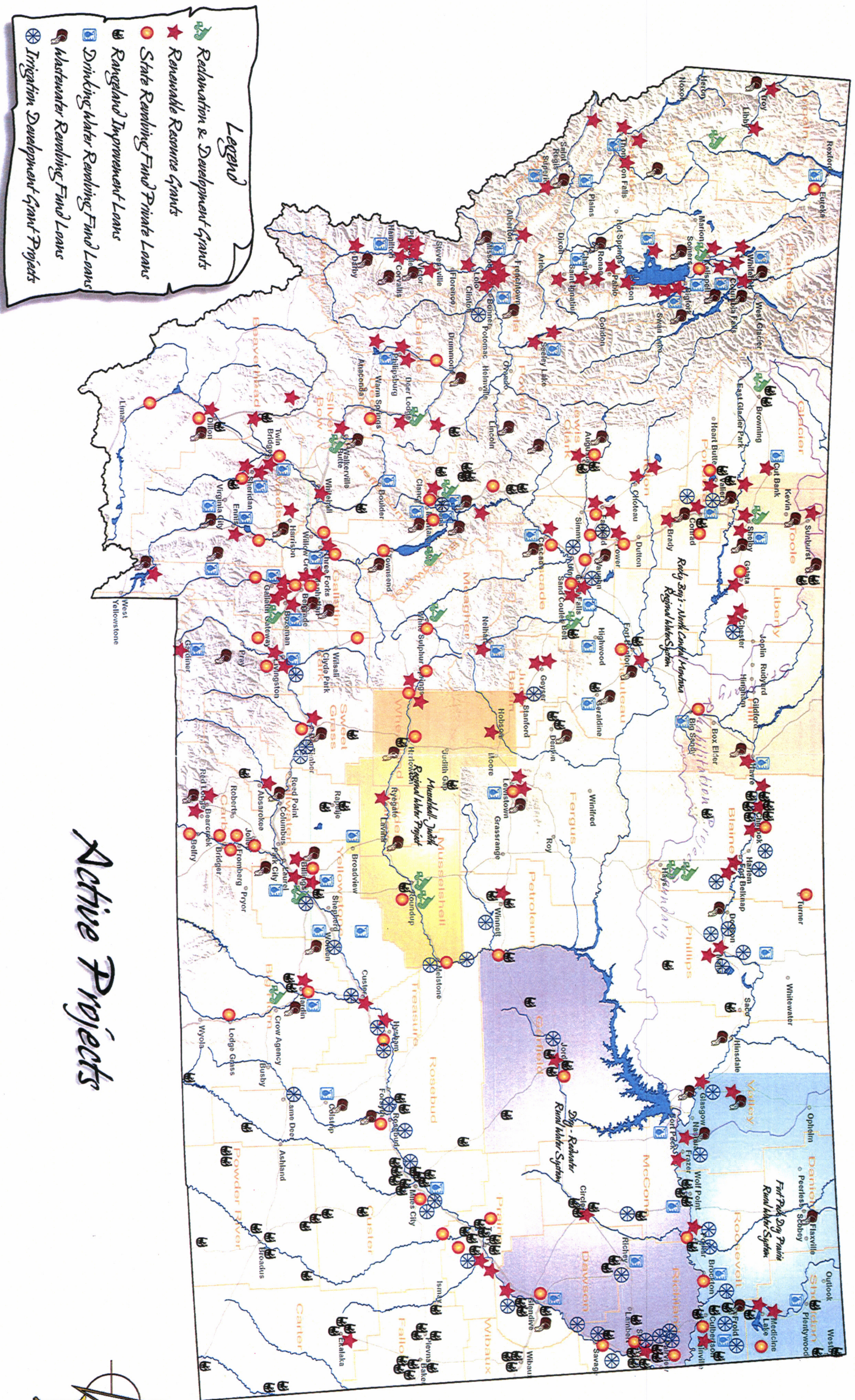
Allocation of Funding Sources for Natural Resource Programs 2015 Biennium



SUMMARY OF HOUSE BILLS 6, 7, 8, 11
2013 LEGISLATIVE SESSION

updated Dec 17, 2012

Legislation	Grant Program	Appropriation	Comments
HB6	Renewable Resource Grants		
HB6	RRG Project Grants	\$6,761,983	Funds the top 68 projects <i>78%</i>
HB6	RRG Planning Grants	1,062,000	<i>12%</i>
HB6	Emergency Grants	100,000	<i>1.0%</i>
HB6	Irrigation Dev Grants	300,000	<i>3%</i>
HB6	Private Grants	100,000	<i>1%</i>
HB6	State Water Plan	200,000	<i>2%</i>
HB6	Capacity Building Grants	200,000	<i>2%</i>
HB6	Total RRG	\$8,723,983	
HB 7	Reclamation and Development Grants		
HB7	RDG Project Grants	\$4,418,645	Funds the top 19 projects
HB7	RDG Planning Grants	1,000,000	
HB7	Aquatic Invasive Weeds	525,000	
HB7	Groundwater Baseline	300,000	
HB7	Total RDGP	\$6,243,645	
HB6&7		\$14,967,628	<i>From: Natural Resource Projects State Special Revenue Account</i>
Total for both HB6 and HB7			
HB 8	Renewable Resource Loans		
HB8	Refinance existing debt or rehab on infrastructure	\$3,000,000	Interest rate is lowest of 3.0% or rate at which state bonds are sold.
HB8	Ruby Dam Rehab	\$2,000,000	Interest rate is lowest of 4.5% or rate at which state bonds are sold.
HB8	Sunset Irrigation District	\$1,465,266	
HB8	Bond reserve	\$960,790	
HB8	Total bonding authorization	\$7,435,056	Total of amounts above. Authorize board of examiners to issue coal severance tax bonds
HB 11	Regional Water Construction Grants	\$8,900,000	<i>LFD's estimate is lower</i>



Conservation and Resource Development Division